An Economic Development Agreement Between
the Government of Canada and the Government of Yukon

THIS AGREEMENT made this 4th day of June, 1984.

BETWEEN: THE GOVERNMENT OF CANADA (hereinafter referred to as "Canada"), represented by the Minister of Indian Affairs and Northern Development and the Minister of State for Economic and Regional Development,

OF THE FIRST PART

AND: THE GOVERNMENT OF YUKON (hereinafter referred to as "Yukon"), represented by the Commissioner of Yukon, the Government Leader for Yukon, and by the Executive Council Member responsible for Economic Development.

OF THE SECOND PART

WHEREAS Canada and Yukon recognize the unique social and economic circumstances in Yukon;

WHEREAS Canada and Yukon are committed to promoting equal opportunities for the well-being of Canadians, furthering economic development to reduce regional disparities and providing essential public services of reasonable quality to all Canadians;

WHEREAS Canada and Yukon recognize that the general economic conditions and opportunities in Yukon have been marked by disparities both within the Territory and relative to other regions.

WHEREAS Canada and Yukon confirm the special nature of the relationship between the two governments and the resulting requirement for cooperative and co-ordinated approaches to economic and socio-economic policy and programming;

WHEREAS Canada and Yukon wish to use the successor to the GDA Process, the Economic Development Agreement Process, as a vehicle for planning, delivering and monitoring economic and regional development initiatives in a co-ordinated manner;

WHEREAS the Governor in Council by Order in Council P.C. 1984-1911 of the 31st day of May, 1984, has authorized the Minister of Indian Affairs and Northern Development and the Minister of State for Economic and Regional Development to execute this Agreement on behalf of Canada; and

WHEREAS the Governor in Council by Order in Council P.C. 1984-1911 of the 31st day of May, 1984, has authorized the Commissioner of Yukon to execute this Agreement on behalf of Yukon.

NOW THEREFORE the parties hereto agree as follows:

Section 1: DEFINITIONS

1.1 In this Agreement

(a) "Commissioner" means the Commissioner of Yukon and includes anyone authorized to act on his behalf;

(b) "Course of Action" means the measures relating to the priorities established in Appendix I and developed pursuant to paragraph 5.1(c);

(c) "fiscal year" means the period commencing on April 1st of any year and terminating on March 31st of the immediately following year;

(d) "Management Committee" means the body established by Canada and Yukon to manage and administer a subsidiary agreement, pursuant to Section 5.3;

(e) "Memorandum of Understanding" means an agreement for implementing a measure contemplated by subsection 4.3 made under the authority of the appropriate Federal Minister and the Commissioner;

(f) "Minister" means the Minister of Indian Affairs and Northern Development and includes anyone authorized to act on his behalf;

(g) "Government Leader" means leader of the Government of Yukon;

(h) "Policy Committee" means the Committee appointed by Canada and Yukon pursuant to paragraph 5.2 of this Agreement;

(i) "subsidiary agreement" means an agreement made pursuant to section 4 of this Agreement.

SECTION 2: PURPOSE

2.1 The purpose of this Agreement is to facilitate Canada-Yukon co-operation in initiatives to promote the planning and implementation of economic and regional development of Yukon. These initiatives will be based on the framework identified in the Yukon Economic Development Perspective summary attached as Appendix I. Within this framework, it is understood that Human Resource Development is an integral element of economic and regional development.

SECTION 3: OBJECTIVES

The objectives of this Agreement are:

3.1 To facilitate the diversification, the orderly expansion and the permanent stability of Yukon's economy.

3.2 To improve the opportunities for the people of Yukon to contribute to and benefit from the economic and regional development of Yukon.

3.3 To contribute to the expansion of the national economy through the development of an improved economic and social infrastructure in Yukon and through efforts to encourage the expansion of productive enterprise and employment in all regions of the Territory.

SECTION 4: INSTRUMENTS

4.1 Under the framework established by this Agreement, Canada and Yukon agree to negotiate and enter into subsidiary agreements and, as appropriate, memoranda of understanding.

4.2 The subsidiary agreements will identify specific development opportunities and shall specify the initiatives to be undertaken and the costs to be borne by Canada and Yukon. These subsidiary agreements will, under normal circumstances, be submitted for Cabinet and Executive Committee review and decision in conjunction with the Annual Review described below.

4.3 The memoranda of understanding will provide for agreement between Canada and Yukon to facilitate co-ordination of programs and resolution of issues of concern to either government. Each memorandum of understanding will, under normal circumstances, be submitted for Cabinet and Executive Committee review and decision in conjunction with the Annual Review process.

4.4 Each subsidiary agreement and memorandum of understanding shall be signed by the Minister, the Ministers of appropriate Federal departments and the Commissioner and appropriate Executive Council members.

SECTION 5: CONSULTATION AND CO-ORDINATION

5.1 The Minister and the Government Leader shall meet annually to approve the Annual Review. This Review will:

(a) assess the progress made over the previous year toward the achievement of priorities identified in the Perspectives, and toward the objectives of this Agreement and related subsidiary agreements and memoranda of understanding.

(b) revise the Yukon Economic Development Perspective of the Agreement in the light of a review of the economic environment of the territory including major opportunities and constraints to development.

(c) on the basis of changed circumstances and pursuant to the priorities identified in the Yukon Economic Development Perspective establish a course of action to address:

i) steps which will be undertaken to facilitate joint economic studies or joint planning in support of the economic and regional development of Yukon; and

ii) steps which will be undertaken toward the application, amendment or redirection of existing programs or policies in economic development;

iii) steps which will be directed toward new policy or program initiatives where none presently exist;

iv) measures which have been identified for implementation under subsidiary agreements or memoranda of understanding.

(d) recommend budgetary re-allocations among subsidiary agreements.

5.2 Canada and Yukon shall establish a Policy Committee and appoint members at the senior management level, with equal representation from both parties. The representative of the Department of Indian Affairs and Northern Development and a representative of the Department of Economic Development, Government of Yukon will co-chair the Committee. Members of the Policy Committee will include representatives of the departments co-chairing the subsidiary agreements and signatories to memoranda of understanding. Representatives from the Ministry of State for Economic and Regional Development and the Ministry of State for Social Development and representatives of other federal departments who are signatories to subsidiary agreements will participate on invitation as observers, as will senior representatives of other federal and territorial departments when items of direct concern to them are discussed.

The Policy Committee will:

(a) co-ordinate all activities pursuant to this Agreement between and within governments;

(b) direct the preparation of the Annual Review;

(c) recommend action to address problems and opportunities identified including:

i) new funding for existing subsidiary agreements;

ii) the reallocation of funding within a subsidiary agreement;

iii) the reallocation of funding between subsidiary agreements;

iv) the development and funding of new subsidiary agreements;

(d) review and recommend approval of the Annual Review to the Minister and Government Leader;

(e) review existing and proposed subsidiary agreements to ensure there is no duplication of existing Canada or Yukon programs and that full attention is paid to the needs of natives, women and the handicapped;

(f) provide direction on the involvement of community-based and private organizations in the subsidiary agreements;

(g) provide direction as to the appropriate form and content of Management Committee annual work plans and project progress reports to ensure the comparability of results for purposes of the Annual Review;

(h) review and approve the annual work plans prepared by a Management Committee;

(i) provide such policy direction to a Management Committee as may be required to achieve co-ordination in the administration of subsidiary agreements;

(j) direct and approve the Evaluation of this Agreement and subsidiary agreements pursuant to Section 9;

(k) Provide direction on the development and implementation of a public information program in support of the EDA and its instruments.

5.3 Under each subsidiary agreement, Canada and Yukon shall establish a Management Committee and appoint members, with equal representation from parties. The responsibilities of the Management Committee will be defined in the subsidiary agreement.

5.4 The parties agree that each has the following role and responsibilities:

A) CANADA

i) to provide direction on the policy objectives of the federal government;

ii) to ensure the appropriate co-ordination of related federal programs and activities;

iii) to deliver federal programs identified in subsidiary agreements;

iv) to assist in the administration of subsidiary agreements.

B) YUKON

i) to provide direction on the policy objectives of the Yukon government;

ii) to ensure the appropriate co-ordination of related Yukon programs and activities;

iii) to deliver Yukon programs identified in subsidiary agreements;

iv) to assist in the administration of subsidiary agreements.

5.5 The parties agree that the mandates of Canada and Yukon Governments shall be respected and that Canada and Yukon programs and delivery mechanisms shall be used to achieve the objectives of this Agreement in a manner which avoids duplication.

SECTION 6: DURATION

6.1 This Agreement shall apply for a period of five years from the date of signing unless earlier terminated by mutual agreement; provided, that either party may terminate this Agreement at the end of any fiscal year, by giving to the other party one clear fiscal year's notice in writing of such termination, it being agreed that such notice shall

not be given sooner than two years from the date hereof, and provided further that the parties hereto by agreement may at any time extend the currency of the written Agreement beyond the date upon which it would otherwise expire.

6.2 Any subsidiary agreements or memoranda of understanding implementing initiatives that cannot be completed by the date of expiration or termination of this Agreement or any extension thereof shall continue in force and effect until completion of the relevant initiative or expiration of the applicable subsidiary agreements, whichever is the latter.

SECTION 7: FINANCIAL ARRANGEMENTS

7.1 The provision of financing by Canada and Yukon for the implementation of subsidiary agreements made pursuant to this Agreement is subject to the Parliament of Canada and the Legislative Assembly of Yukon having provided funds for such financing for the fiscal year in which such financing is required.

7.2 Financial arrangements as between Canada and Yukon for each subsidiary agreement shall be established on the basis of the nature of the initiatives to be undertaken, the Canada and Yukon responsibilities and interest in respect of such initiatives, and such other considerations as may be agreed.

7.3 All subsidiary agreements and memoranda of understanding shall require executive approval by Canada and Yukon and the approval of the responsible federal Minister and Territorial authorities.

SECTION 8: RECORDS AND AUDIT

8.1 Each of the parties hereto shall keep detailed and accurate accounts and records of its expenditures in respect of all initiatives taken under the agreements the cost of which is to be shared between them, and shall make such accounts and records available at all reasonable times for inspection and audit by the other party. Any discrepancy between the amounts paid by either party and the amounts actually payable by it, as disclosed by any such audit, shall be promptly adjusted between the parties.

SECTION 9: EVALUATION

9.1 On or before the expiry of twelve months from the date of coming into force of this Agreement, the Policy Committee shall establish an evaluation process in light of the requirements of the EDA process, of the Office of the Comptroller General, and of the needs of all participating parties. This process will include: an evaluation framework study prepared within the first eighteen months of signing of this Agreement, implementation of the framework recommendations, and the preparation of evaluation reports on this Agreement and related subsidiary agreements and their approval.

9.2 It shall be the responsibility of the Policy Committee, in discharging its duties pursuant to Paragraph 9.1 to:

(a) establish a Steering Committee whose membership shall consist of at least one member each from Canada and Yukon;

(b) mandate the Steering Committee with the responsibility to:

i) undertake the preparation of the evaluation framework study and co-ordinate the conduct of the evaluation process;

ii) review and decide upon the firm, person, organization, or group of consultants to undertake any or all of the evaluation;

iii) ensure that the firm, person organization or group of consultants undertaking the evaluation and review have also carried out extensive consultation and discussed their report(s) with the appropriate officials prior to the preparation and final submission of their report(s) to the Steering Committee.

(c) review and decide upon, within two years of the coming into force of this Agreement, a strategy for implementation of the recommendations of the Steering Committee for the conduct of the evaluation of the Agreement and any related subsidiary agreements and for the implementation of data collection and other requirements in accordance with the framework determined pursuant to Paragraph 9.2(b) hereof;

9.3 The evaluation of this Agreement and related subsidiary agreements shall be commenced no later than five years after the coming into force of this Agreement and prior to any extensions to the Agreement, and completed no later than six months after the completion of projects.

(a) The results of the evaluations respecting the agreements shall be documented by the firm, person, organization or group in a written report which shall be made available to the Policy Committee.

(b) Evaluation reports may be released to the public, interested persons, organizations, and other groups or individuals upon the approval of the Policy Committee.

9.4 The costs of the evaluation process related to the operation of this agreement and related subsidiary agreements shall be shared by Canada and Yukon, consistent with their respective contributions to the subsidiary agreements.

9.5 Canada and Yukon shall provide without prejudice, where such is not contrary to any applicable Canada or Yukon statute, such information as may be required in order to evaluate the Agreement and related subsidiary agreements.

SECTION 10: PUBLIC INFORMATION

10.1 Canada and Yukon will develop a public information program that will provide in a manner satisfactory to both Canada and Yukon for the permanent and continuing recognition of

their respective contributions under this Agreement and any subsidiary agreements.

SECTION 11: GENERAL

11.1 This Agreement may be amended in writing as agreed to from time to time by the Minister and the Commissioner.

11.2 No member of the House of Commons of Canada or the Legislative Assembly of Yukon shall be admitted to any share or part of this agreement or to any benefit arising therefrom.

IN WITNESS WHEREOF this Agreement has been executed on behalf of Canada by the Minister of Indian Affairs and Northern Development and the Minister of State for Economic and Regional Development, and on behalf of Yukon by the Commissioner of Yukon, the Government Leader and the Executive Council Member Responsible for Economic Development.

In the Presence of:

Witness

John Butler
Witness

Witness

Witness

Witness

GOVERNMENT OF CANADA

Minister of Indian Affairs and Northern Development

Minister of State for Economic and Regional Development

GOVERNMENT OF YUKON

Commissioner of Yukon

Government Leader

Executive Council Member Responsible for Economic Development

YUKON ECONOMIC DEVELOPMENT PERSPECTIVE

SUMMARY

Yukon's economy is highly dependent on mining, tourism, and government employment and investment. The suspension of operations at Yukon's three hard-rock mines in 1982 precipitated the worst downturn in the Territory's economy since World War II. For several months during the winter of 1982-83, over 2,000 Yukoners, out of a labour force of about 12,000, were receiving regular Unemployment Insurance benefits. Population has declined by 1,600 since June, 1982. The White Pass and Yukon Railway, which suspended operations in October 1982 because of the loss of mineral traffic, remains closed. Production has resumed at United Keno Hill's mine, and government assistance to Cyprus Anvil has enabled that company to carry out a stripping program which is expected to lead to resumption of lead-zinc concentrate production within a year or so. A sustained economic recovery, however, is by no means assured. No major projects, such as Beaufort Sea hydrocarbon production or the Alaska Highway Gas Pipeline, are likely to provide a significant boost to the economy in the short term though Yukon is aggressively seeking to benefit from on-going exploration in the Beaufort. No new mineral developments are assured. The outlook for placer gold mining is reasonably good although uncertainties about both gold prices and regulations governing placer operations make accurate prediction of the future of this sector impossible. The fledgling renewable-resource based industries cannot be expected to take up all the slack left by the decline in the mining sector. Accelerated public works, such as highway improvements and construction of a new air terminal at Whitehorse, and a fairly brisk tourism sector are among the few bright spots.

Major issues affecting Yukon development

The following are considered to be the major issues affecting Yukon economic development:

1. Few sectors of the Yukon economy are at a comparative advantage over their provincial counterparts. Public expenditure may be justified only in the most promising sectors of the economy, in order to reduce the burden of the Territory on the national economy.

2. It is not clear that mining will recover to the point where it can act as a strong, leading sector of the economy as it has done historically. However, the Territory does have a high mineral potential and there may be deposits, some of which are still to be discovered, which could profitably come into production.

3. Because of its specialization in minerals, and on lead and zinc in particular, the economy is extremely vulnerable to world mineral markets. While diversification of the economy would make it less volatile and vulnerable, the challenge to government is to ensure that measures to diversify the economy do not result in the establishment of businesses with little chance of becoming relatively self-sustaining.

4. Because of climatic, locational and market size factors the cost of living and doing business is high, even though some costs, such as energy, are subsidized.

5. The future of Yukon's transportation system is in doubt since the White Pass and Yukon Railway suspended operations in October, 1982. The Canadian Transport Commission has not yet completed its investigation into this issue.

6. Uncertainty surrounding Beaufort oil and gas development and the Alaska Highway Gas Pipeline means that neither of these megaprojects can be heavily relied upon to sustain the Yukon economy, although some additional benefits may accrue to the Yukon from on-going exploration in the Beaufort.

7. Unresolved Native claims, particularly those of the Council for Yukon Indians and the Committee for Original Peoples' Entitlement, have discouraged the development of the Yukon economy. Very substantial progress towards settlement of the CYI claim in recent months, however, suggests that these uncertainties should be removed in the near future and result in a large injection of capital into the Native economy.

8. A deep-seated problem in the Yukon economy is the marginal position of most of the Territory's 6,000 Native people. Their generally low levels of formal education and training and their location in smaller communities are among the factors contributing to the large gap in incomes and living standards between Native and non-native populations. Yukon's economic structure, with its specialization in minerals, has not served the Territory's Native people well.

9. The Yukon economy is largely owned and controlled by outside interests. The long-term development of Yukon's economy would be better served if more local enterprises were involved.

Priorities for Implementation under an EDA

The programming suggested for implementation under an Economic Development Agreement (EDA) would contribute to the federal government's objectives for economic development in Yukon by:

- diversifying the economy away from its heavy dependence on lead-zinc mining, by promoting the development of renewable resource based industries and tourism in keeping with similar thrusts begun under the General Development Agreement;

- enabling more Yukoners, especially Native people, to participate effectively in the economy through initiatives in the renewable resource and small business and tourism sectors, and by undertaking community economic development planning;

- increasing the economic planning capability and coordinating the collection and storage of resource data;

- revitalizing the mineral exploration sector by establishing an incentives program and undertaking geological and geochemical surveys to increase the probability that commercial mineral discoveries will lead to the development of new mines other than lead and zinc; and

- implementing a research and demonstration program related to placer mining, so that this sector can continue to operate profitably.

There is also a strong requirement for additional training opportunities for Native people, but the EDA is not necessarily the most appropriate vehicle for meeting this need.

The Yukon Economic Development Perspective paper proposes that the following subsidiary agreements be negotiated under an EDA:

1. a tourism and small business agreement to assist these sectors through measures not possible under the new Industrial and Regional Development Program and other existing programs;

2. a renewable resource development agreement to undertake projects with a clear potential for enabling Yukon's renewable resources to make a more substantial contribution to the economy and to fund renewable resources demonstration projects with emphasis on promoting increased Native participation in land-based development opportunities;

3. a minerals agreement to establish an exploration incentives program, undertake geochemical surveying and geological mapping, and demonstrate how to increase the profitability of placer mining under more stringent environmental protection measures; and

4. an economic development planning agreement to undertake regional, sectoral and community economic development planning, and to establish a resources data unit to coordinate the activities of all agencies involved in the acquisition of resources data.

Other arrangements are recommended for delivering programs directed particularly towards increasing Native participation in the wage and traditional economies incorporating academic upgrading, an expanded mobile training service, management training, retraining of miners for jobs related to oil and gas exploration in the Beaufort, training for tourism and renewable resource development, and human resources development research and planning.